



Dean K. Matsuura
Manager
Regulatory Affairs

December 22, 2008

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, First Floor
465 South King Street
Honolulu, Hawaii 96813

FILED
2008 DEC 22 P 4: 26
PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2008-0083
HECO 2009 Test Year Rate Case
Rate Case Updates – Set #10

Enclosed is the tenth set of updates to Hawaiian Electric Company, Inc.'s ("HECO") 2009 test year estimates reflected in the Application, Direct Testimonies, Exhibits, and Workpapers filed with the Commission on July 3, 2008. This set includes updates to the following:

- HECO T-23 – William A. Bonnet

Very truly yours,

Enclosure

cc: Division of Consumer Advocacy
Michael L. Brosch, Utilitech, Inc.
Joseph A. Herz, Sawvel & Associates, Inc.
Dr. Kay Davoodi, Department of Defense
Richard W. Carlile, Department of Defense
Ralph Smith, Larkin & Associates

RATE CASE UPDATE

Ref: W. A. Bonnet, HECO T-23, Results of Operations, including Revenue Requirements, Rate Increase Implementation, Alternative Ratemaking Structures, and Summary

This update incorporates the adjustments submitted by HECO's witnesses in their Rate Case Updates and provides updated Results of Operations. Attachment 1 summarizes the results.

REVENUE REQUIREMENT UPDATES

As explained in the HECO T-2 update, the Company will experience lower electric sales in 2009 than forecasted in the Company's direct testimony (HECO T-2). In the HECO T-1 update the Company proposes to decouple revenues from sales through the establishment of a revenue balancing account, pursuant to Section 28 of the *Energy Agreement among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and Hawaiian Electric Companies* ("HCEI Agreement"), to be effective from the issuance of the interim decision and order in this rate case. Further, it explains that in a separate application, the Company will propose to recover the cost of the HCEI Implementation Studies through the Renewable Energy Infrastructure Program ("REIP")/Clean Energy Infrastructure ("CEI") surcharge, pursuant to Section 3 of the HCEI Agreement. Therefore, it is the Company's preference not to include the impacts of these two items in the test year revenue requirement.

The Company's updated revenue increase amounts (excluding the sales forecast reduction and the HCEI Implementation Studies) over current effective rates¹ compared to the revenue increase amounts in the application filed on July 3, 2008 (HECO-101, page 3) are as follows:

¹ HECO's current effective rates are the result of its existing "base" rates, plus the interim rate increase approved in HECO's pending 2007 test year rate case, Docket No. 2006-0386. HECO's revenues at present rates exclude the 2007 test year rate case interim rate increase surcharge revenues (HECO T-1, page 5).

<u>Step Increase</u>	<u>Updated Increase (\$1,000)</u>	<u>Original Increase (\$1,000)</u>
1) Interim Increase	\$75,986	\$73,064
2) Campbell Industrial Park ("CIP") Combustion Turbine Unit 1 ("CT-1") Step Increase	\$24,049	\$23,947
3) Total Rate Increase ²	\$100,035	\$97,011

As the above table shows, the updated revenue increase amounts are greater than the revenue increases that the Company requested in its application filed on July 3, 2008. Settlement with the other parties in this rate case and the final decision and order may result in certain downward adjustments to the Company's updated test year revenue requirement. Should the resulting revenue increase exceed the amount proposed in its application, the Company agrees that the revenue increase approved by the Commission should revert back to the revenue increase proposed in the application.

If the Commission decides not to allow the establishment of a revenue balancing account upon issuance of an interim decision and order in this rate case, the alternative would be to incorporate the sales forecast reduction and the associated impacts into the test year. The difference between the revenue increase amounts in Attachment 7 (base case with the sales

² Attachment 5 shows that the updated revenue increase over present rates would be \$176,892,000, consisting of an interim increase of \$152,843,000 (Attachment 6, page 1) and a CIP CT-1 step increase of \$24,049,000 (Attachment 1, page 1). The revenue increase over present rates in the Company's application was \$174,348,000 (HECO-101, page 5).

reduction) and Attachment 8 (base case without the sales reduction) provides the impact of incorporating the sales forecast reduction into the test year – an increase of \$11,462,000.³

If the Commission decides not to allow recovery of the HCEI Implementation Studies through the REIP/CEI Surcharge, the alternative would be to include the associated cost in the test year revenue requirement. The difference between the revenue requirement amounts in Attachment 4 (base case without the HCEI Implementation Studies) and Attachment 7 (base case with the HCEI Implementation Studies) provides the revenue requirement impact of the HCEI Implementation Studies – an increase of \$2,452,000.

HECO did not run its revenue requirement model for each possible permutation of factors that could be incorporated into the test year revenue requirement. However, at the time the parties reach a settlement or the Commission issues a decision in this proceeding, the Company can generate the appropriate results of operations if it has not already done so.

LABOR EXPENSE ADJUSTMENT

Attachment 6 to the HECO T-15 update derived a labor expense adjustment (including associated employee benefits and payroll taxes) that it proposes to apply to the test year estimates at the block of account level. The total adjustment for labor expense, employee benefits and payroll taxes is a reduction of \$1,729,000. As shown on Attachment 9 to this update, the Company applied the adjustment amounts shown on page 5 of Attachment 6 of the HECO T-15 update to the various test year O&M estimates submitted in the updates of other witnesses. The Company inputted the results into its revenue requirement model to calculate the updated results of operations shown in Attachments 2 through 8 of this update.

³ The "base case" includes the 2009 CIP CT-1 plant additions (net of deferred income taxes) in the end of test year rate base balance but not in the beginning of test year rate base balance.

Revenue Requirement Summary

(All amounts in thousands of dollars)

Attachment	2	3	4	5	6	7	8	Difference
Current Effective or Present Rates	Current Effective	Current Effective	Current Effective	Present	Present	Current Effective	Current Effective	
Full Cost, No CT1, or Base Case	Full Cost	No CT1	Base Case	Full Cost	No CT1	Base Case	Base Case	
HCEI Implementation Studies Included?	No	No	No	No	No	Yes	Yes	
Sales Reduction Included?	No	No	No	No	No	No	Yes	
Electric Sales Revenue @ Current Effective/Present	1,861,751	1,861,751	1,861,751	1,784,962	1,784,962	1,861,751	1,811,261	
Total Operating Revenues	1,866,853	1,866,853	1,866,853	1,789,996	1,789,996	1,866,853	1,816,318	
Revenue Increase	100,035	75,986	88,214	176,892	152,843	90,666	102,128	
Revenue Requirement	1,966,888	1,942,839	1,955,067	1,966,888	1,942,839	1,957,519	1,918,446	
Production Expense	82,423	79,873	81,347	82,423	79,873	83,567	83,524	
Ave Rate Base @ Proposed Rates	1,410,517	1,260,265	1,334,932	1,410,517	1,260,265	1,334,958	1,330,813	
Revenue Increase Impact of Sales Reduction						90,666	102,128	11,462
Revenue Requirement Impact of Wind Studies			1,955,067			1,957,519		2,452
CT1 Step Increase at Current Effective Rates	100,035	75,986						24,049
CT1 Step Increase at Present Rates				176,892	152,843			24,049

Hawaiian Electric Company, Inc.
CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
Results of Operations

	2009 (\$ Thousands)		Revenue Requirements to Produce 8.81% Return on Average Rate Base
	Current Effective Rates	Additional Amount	
Electric Sales Revenue	1,861,751	99,913	1,961,664
Other Operating Revenue	4,487	122	4,609
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,866,853	100,035	1,966,888
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	82,423		82,423
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,339	72	1,411
Customer Service	6,997		6,997
Administration & General	77,863		77,863
Operation and Maintenance	1,523,073	72	1,523,145
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	172,913	8,879	181,792
Interest on Customer Deposits	479		479
Income Taxes	20,251	35,441	55,692
TOTAL OPERATING EXPENSES	1,798,229	44,392	1,842,621
OPERATING INCOME	68,624	55,643	124,267
AVERAGE RATE BASE	1,411,417	(900)	1,410,517
RATE OF RETURN ON AVERAGE RATE BASE	4.86%		8.81%

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,528,559	1,575,107	1,551,833
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,689,679	1,778,770	1,734,226
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	130,002	133,099	131,551
Unamort State ITC (Gross)	36,017	37,411	36,714
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	360,190	367,034	363,614
Difference			1,370,612
Working Cash at Current Effective Rates			40,805
Rate Base at Current Effective Rates			1,411,417
Change in Rate Base - Working Cash			(900)
Rate Base at Proposed Rates			1,410,517

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
WORKING CASH ITEMS
2009
(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	101,730
O&M Nonlabor	37	30	7	128,292
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	165,584
Income Taxes-Curr Eff Rates	37	39	(2)	14,307
Income Taxes-Proposed Rates	37	39	(2)	49,748
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(CURR EFF	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	279	7,247	279	7,247
O&M Nonlabor	351	2,460	351	2,460
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	454	(13,156)	478	(13,861)
Income Taxes-Curr Eff Rates	39	(78)		
Income Taxes-Proposed Rates	136	-	136	(273)
Total		40,805		39,905
Change in Working Cash				(900)

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates

COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,866,853	100,035	1,966,888
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	229,364	72	229,436
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	172,913	8,879	181,792
Interest on Customer Deposits	479		479
Total Operating Expenses	1,777,978	8,951	1,786,929
Operating Income Before Income Taxes	88,875	91,084	179,959
Tax Adjustments:			
Interest Expense	(33,697)		(33,697)
Meals and Entertainment	78		78
	(33,619)	0	(33,619)
Taxable Income at Ordinary Rates	55,256	91,084	146,340
Income Tax Exp at Ordinary Rates	21,500	35,441	56,941
Tax Benefit of Domestic Production Activities Deduction	1,226		1,226
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	20,251	35,441	55,692

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	Current Effective Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,861,751	99,913	1,961,664
Other Operating Revenue		4,487	122	4,609
Operating Revenues		1,866,238	100,035	1,966,273
Public Service Tax	5.885%	109,749	5,883	115,632
PUC Fees	0.500%	9,324	500	9,824
Franchise Tax	2.500%	46,510	2,496	49,006
Payroll Tax		7,330		7,330
TOTAL TAXES OTHER THAN INCOME TAX		172,913	8,879	181,792

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,866,853
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	229,364
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	172,913
Interest on Customer Deposits	479
Income Taxes	20,251
Total Operating Expenses	1,798,229

OPERATING INCOME AT CURRENT EFFECTIVE RATES	68,624
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CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,410,517
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	124,267
Less: Operating Income at Current Effective Rate	68,624
INCREASE IN OPERATING INCOME	55,643

OPERATING REVENUES:

Increase in Operating Income	55,643
Operating Income Divisor (divided by)	0.55624
INCREASE IN OPERATING REVENUES	100,035
Increase in Electric Sales Revenue	99,913
Other Operating Revenue Rate	x 0.122%
Increase in Other Operating Revenues	122
	100,035

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		99,913
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		<u>72</u>
REVENUE TAX:		
Increase in Operating Revenues		100,035
Less: Increase in Bad Debt Expense		<u>(72)</u>
		99,963
PSC Tax & PUC Fees Rate	x	6.385%
		<u>6,383</u>
Increase in Electric Revenues		99,913
Less: Increase in Bad Debt Expense		<u>(72)</u>
		99,841
Franchise Tax Rate	x	2.500%
		<u>2,496</u>
INCREASE IN REVENUE TAX		<u>8,879</u>
INCOME TAX:		
Increase in Operating Revenues		100,035
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		<u>35,441</u>
INCREASE IN OPERATING INCOME (check)		<u>55,643</u>

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	8,879	24	(29)	(705)
Income Tax at Curr Eff rate	14,307	39	(2)	78
Income Tax at proposed rate	49,748	136	(2)	(273)
CHANGE IN RATE BASE - WORKING CASH				(900)
Rate Base at Current Effective Rates				1,411,417
PROPOSED RATE BASE				1,410,517
Operating Income at Current Effective Rates				68,624
Increase in Operating Income				55,643
OPERATING INCOME AT PROPOSED RATES				124,267
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
SUPPORT WORKSHEET
2009

OPERATING REVENUES:

Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Gain on Sale of Land	615

TOTAL OPERATING REVENUES	<u>1,866,853</u>
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FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593

Fuel Oil Expense	<u>816,654</u>
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Purchased Power Expense	<u>477,055</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	82,423
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,339
Customer Service	6,997
Administration & General	77,863
Gen Excise Tax Rate Incr Adj	0

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>229,364</u>
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Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
SUPPORT WORKSHEET

2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)

Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	101,730
Total Labor Expense	101,730
Total Nonlabor Expense	
Nonlabor Expense	128,227
Fuel Related Expense	7,003
Payroll Taxes	7,330
Bad Debt Expense	(1,339)
Pension Expense	(12,929)
Pension Asset Amortization	0
	128,292

TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,516,135
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REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
Public Service Tax Rate	x 5.885%
Total PSC Tax	109,749

PUC Fees

Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
PUC Tax Rate	x 0.500%
Total PUC Tax	9,324

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
SUPPORT WORKSHEET

2009

Franchise Tax		
Electric Sales Revenues		1,861,751
Less: Bad Debt Expense		(1,339)
		<hr/>
		1,860,412
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		46,510
TOTAL REVENUE TAX		<hr/>
		165,584
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.049%
Long-Term Debt		2.200%
Hybrid Securities		0.140%
Total		<hr/>
		2.389%
Rate Base at Proposed Rates	x	<hr/>
		1,410,517
TOTAL INTEREST EXPENSE		<hr/>
		33,697
INCOME TAX EXPENSE SUMMARY		
Current		14,307
Deferred		3,097
State ITC		2,847
Pension Asset Amortization		0
TOTAL INCOME TAX EXPENSE		<hr/>
		20,251
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02495
PSC Tax Rate adjusted for Bad Debt		0.05881
PUC Tax Rate adjusted for Bad Debt		0.00500
REVENUE TAX RATE		<hr/>
		0.08876
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

CIP (Full Cost w/o Wind Studies & Sales Red) at Curr Eff Rates
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		0.37444

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Revenue Tax and Bad Debt rate		0.08947
Rev Tax & Bad Debt Reciprocal (1 - 0.08947)		0.91053
Composite Income Tax Rate	x	0.38910
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.35428

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Effective Income Tax Rate after considering revenue tax & bad debt		0.35428
		0.44376
OPERATING INCOME DIVISOR (1 - 0.44376)		0.55624

Hawaiian Electric Company, Inc.
Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
Results of Operations

	2009 (\$ Thousands)		Revenue Requirements to Produce 8.81% Return on Average Rate Base
	Current Effective Rates	Additional Amount	
Electric Sales Revenue	1,861,751	75,886	1,937,637
Other Operating Revenue	4,487	100	4,587
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,866,853	75,986	1,942,839
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	79,873		79,873
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,339	55	1,394
Customer Service	6,997		6,997
Administration & General	77,592		77,592
Operation and Maintenance	1,520,252	55	1,520,307
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	172,826	6,745	179,571
Interest on Customer Deposits	479		479
Income Taxes	23,020	26,920	49,940
TOTAL OPERATING EXPENSES	1,798,090	33,720	1,831,810
OPERATING INCOME	68,763	42,266	111,029
AVERAGE RATE BASE	1,260,948	(683)	1,260,265
RATE OF RETURN ON AVERAGE RATE BASE	5.45%		8.81%

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,373,259	1,419,807	1,396,533
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,534,379	1,623,470	1,578,926
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	132,241	132,405	132,323
Unamort State ITC (Gross)	30,264	31,658	30,961
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	356,676	360,587	358,633
Difference			1,220,293
Working Cash at Current Effective Rates			40,655
Rate Base at Current Effective Rates			1,260,948
Change in Rate Base - Working Cash			(683)
Rate Base at Proposed Rates			1,260,265

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates

WORKING CASH ITEMS

2009

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	100,547
O&M Nonlabor	37	30	7	126,567
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	165,584
Income Taxes-Curr Eff Rates	37	39	(2)	20,009
Income Taxes-Proposed Rates	37	39	(2)	46,929
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(CURR EFF	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	275	7,162	275	7,162
O&M Nonlabor	347	2,427	347	2,427
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	454	(13,156)	472	(13,692)
Income Taxes-Curr Eff Rates	55	(110)		
Income Taxes-Proposed Rates	129	-	129	(257)
Total		40,655		39,972
Change in Working Cash				(683)

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,866,853	75,986	1,942,839
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	226,543	55	226,598
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	172,826	6,745	179,571
Interest on Customer Deposits	479		479
Total Operating Expenses	1,775,070	6,800	1,781,870
Operating Income Before Income Taxes	91,783	69,186	160,969
Tax Adjustments:			
Interest Expense	(30,108)		(30,108)
Meals and Entertainment	78		78
	(30,030)	0	(30,030)
Taxable Income at Ordinary Rates	61,753	69,186	130,939
Income Tax Exp at Ordinary Rates	24,028	26,920	50,948
Tax Benefit of Domestic Production Activities Deduction	985		985
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	23,020	26,920	49,940

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	Current Effective Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,861,751	75,886	1,937,637
Other Operating Revenue		4,487	100	4,587
Operating Revenues		1,866,238	75,986	1,942,224
Public Service Tax	5.885%	109,749	4,469	114,218
PUC Fees	0.500%	9,324	380	9,704
Franchise Tax	2.500%	46,510	1,896	48,406
Payroll Tax		7,243		7,243
TOTAL TAXES OTHER THAN INCOME TAX		172,826	6,745	179,571

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,866,853
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	226,543
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	172,826
Interest on Customer Deposits	479
Income Taxes	23,020
Total Operating Expenses	1,798,090

OPERATING INCOME AT CURRENT EFFECTIVE RATES	68,763
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CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,260,265
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	111,029
Less: Operating Income at Current Effective Rate	68,763
INCREASE IN OPERATING INCOME	42,266

OPERATING REVENUES:

Increase in Operating Income	42,266
Operating Income Divisor (divided by)	0.55624
INCREASE IN OPERATING REVENUES	75,986
Increase in Electric Sales Revenue	75,886
Other Operating Revenue Rate	x 0.132%
Increase in Other Operating Revenues	100
	75,986

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:

Increase in Electric Revenues		75,886
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		<u>55</u>

REVENUE TAX:

Increase in Operating Revenues		75,986
Less: Increase in Bad Debt Expense		(55)
		<u>75,931</u>
PSC Tax & PUC Fees Rate	x	6.385%
		<u>4,849</u>
Increase in Electric Revenues		75,886
Less: Increase in Bad Debt Expense		(55)
		<u>75,831</u>
Franchise Tax Rate	x	2.500%
		<u>1,896</u>
INCREASE IN REVENUE TAX		<u>6,745</u>

INCOME TAX:

Increase in Operating Revenues		75,986
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		<u>26,920</u>
INCREASE IN OPERATING INCOME (check)		<u>42,266</u>

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	6,745	18	(29)	(536)
Income Tax at curr eff rate	20,009	55	(2)	110
Income Tax at proposed rate	46,929	129	(2)	(257)
CHANGE IN RATE BASE - WORKING CASH				(683)
Rate Base at Current Effective Rates				1,260,948
PROPOSED RATE BASE				1,260,265
Operating Income at Current Effective Rates				68,763
Increase in Operating Income				42,266
OPERATING INCOME AT PROPOSED RATES				111,029
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
SUPPORT WORKSHEET
2009

OPERATING REVENUES:

Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Gain on Sale of Land	615

TOTAL OPERATING REVENUES	<u>1,866,853</u>
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FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593

Fuel Oil Expense	<u>816,654</u>
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Purchased Power Expense	<u>477,055</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,873
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,339
Customer Service	6,997
Administration & General	77,592
Gen Excise Tax Rate Incr Adj	0

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>226,543</u>
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Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
SUPPORT WORKSHEET
2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	100,547
Total Labor Expense	100,547
Total Nonlabor Expense	
Nonlabor Expense	126,589
Fuel Related Expense	7,003
Payroll Taxes	7,243
Bad Debt Expense	(1,339)
Pension Expense	(12,929)
Pension Asset Amortization	0
	126,567
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,513,227
REVENUE TAX	
Public Service Tax	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
Public Service Tax Rate	x 5.885%
Total PSC Tax	109,749
PUC Fees	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
PUC Tax Rate	x 0.500%
Total PUC Tax	9,324

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
SUPPORT WORKSHEET
2009

Franchise Tax		
Electric Sales Revenues		1,861,751
Less: Bad Debt Expense		(1,339)
		<hr/>
		1,860,412
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		46,510
TOTAL REVENUE TAX		<hr/>
		165,584
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.049%
Long-Term Debt		2.200%
Hybrid Securities		<hr/>
		0.140%
Total		<hr/>
		2.389%
Rate Base at Proposed Rates	x	<hr/>
		1,260,265
TOTAL INTEREST EXPENSE		<hr/>
		30,108
INCOME TAX EXPENSE SUMMARY		
Current		20,009
Deferred		164
State ITC		2,847
Pension Asset Amortization		<hr/>
		0
TOTAL INCOME TAX EXPENSE		<hr/>
		23,020
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02495
PSC Tax Rate adjusted for Bad Debt		0.05881
PUC Tax Rate adjusted for Bad Debt		<hr/>
		0.00500
REVENUE TAX RATE		<hr/>
		0.08875
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Interim (w/o Wind Studies, CIP1 & Sales Reduction) at Curr Eff Rates
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.37444</u>

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		<u>0.00072</u>
Revenue Tax and Bad Debt rate		0.08947
Rev Tax & Bad Debt Reciprocal (1 - 0.08947)		0.91053
Composite Income Tax Rate	x	<u>0.38910</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.35428</u>

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		<u>0.00072</u>
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.35428</u>
		<u>0.44376</u>
OPERATING INCOME DIVISOR (1 - 0.44376)		<u>0.55624</u>

Hawaiian Electric Company, Inc.
Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

Results of Operations

2009

(\$ Thousands)

	Current Effective Rates	Additional Amount	Revenue Requirements to Produce 8.81% Return on Average Rate Base
Electric Sales Revenue	1,861,751	88,103	1,949,854
Other Operating Revenue	4,487	111	4,598
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,866,853	88,214	1,955,067
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	81,347		81,347
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,339	63	1,402
Customer Service	6,997		6,997
Administration & General	77,719		77,719
Operation and Maintenance	1,521,853	63	1,521,916
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	172,867	7,830	180,697
Interest on Customer Deposits	479		479
Income Taxes	21,601	31,253	52,854
TOTAL OPERATING EXPENSES	1,798,313	39,146	1,837,459
OPERATING INCOME	68,540	49,068	117,608
AVERAGE RATE BASE	1,335,725	(793)	1,334,932
RATE OF RETURN ON AVERAGE RATE BASE	5.13%		8.81%

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,373,259	1,575,107	1,474,183
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,534,379	1,778,770	1,656,576
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	132,241	133,100	132,671
Unamort State ITC (Gross)	30,264	37,411	33,838
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	356,676	367,035	361,858
Difference			1,294,718
Working Cash at Current Effective Rates			41,007
Rate Base at Current Effective Rates			1,335,725
Change in Rate Base - Working Cash			(793)
Rate Base at Proposed Rates			1,334,932

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

WORKING CASH ITEMS

2009

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	101,099
O&M Nonlabor	37	30	7	140,586
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	165,584
Income Taxes-Curr Eff Rates	37	39	(2)	12,142
Income Taxes-Proposed Rates	37	39	(2)	43,395
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(CURR EFF	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	277	7,202	277	7,202
O&M Nonlabor	385	2,696	385	2,696
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	454	(13,156)	475	(13,778)
Income Taxes-Curr Eff Rates	33	(67)		
Income Taxes-Proposed Rates	119	-	119	(238)
Total		41,007		40,214
Change in Working Cash				(793)

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,866,853	88,214	1,955,067
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	228,144	63	228,207
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	172,867	7,830	180,697
Interest on Customer Deposits	479		479
Total Operating Expenses	1,776,712	7,893	1,784,605
Operating Income Before Income Taxes	90,141	80,321	170,462
Tax Adjustments:			
Interest Expense	(31,892)		(31,892)
Meals and Entertainment	78		78
	(31,814)	0	(31,814)
Taxable Income at Ordinary Rates	58,327	80,321	138,648
Income Tax Exp at Ordinary Rates	22,695	31,253	53,948
Tax Benefit of Domestic Production Activities Deduction	1,071		1,071
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	21,601	31,253	52,854

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	Current Effective Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,861,751	88,103	1,949,854
Other Operating Revenue		4,487	111	4,598
Operating Revenues		1,866,238	88,214	1,954,452
Public Service Tax	5.885%	109,749	5,188	114,937
PUC Fees	0.500%	9,324	441	9,765
Franchise Tax	2.500%	46,510	2,201	48,711
Payroll Tax		7,284		7,284
TOTAL TAXES OTHER THAN INCOME TAX		172,867	7,830	180,697

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,866,853
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	228,144
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	172,867
Interest on Customer Deposits	479
Income Taxes	21,601
Total Operating Expenses	1,798,313

OPERATING INCOME AT CURRENT EFFECTIVE RATES	68,540
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CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,334,932
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	117,608

Less: Operating Income at Current Effective Rate	68,540
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INCREASE IN OPERATING INCOME	49,068
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OPERATING REVENUES:

Increase in Operating Income	49,068
Operating Income Divisor (divided by)	0.55624

INCREASE IN OPERATING REVENUES	88,214
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Increase in Electric Sales Revenue	88,103
Other Operating Revenue Rate	x 0.126%
Increase in Other Operating Revenues	111
	88,214

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		88,103
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		63
REVENUE TAX:		
Increase in Operating Revenues		88,214
Less: Increase in Bad Debt Expense		(63)
		88,151
PSC Tax & PUC Fees Rate	x	6.385%
		5,629
Increase in Electric Revenues		88,103
Less: Increase in Bad Debt Expense		(63)
		88,040
Franchise Tax Rate	x	2.500%
		2,201
INCREASE IN REVENUE TAX		7,830
INCOME TAX:		
Increase in Operating Revenues		88,214
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		31,253
INCREASE IN OPERATING INCOME (check)		49,068

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	7,830	21	(29)	(622)
Income Tax at curr eff rate	12,142	33	(2)	67
Income Tax at proposed rate	43,395	119	(2)	(238)
CHANGE IN RATE BASE - WORKING CASH				(793)
Rate Base at Current Effective Rates				1,335,725
PROPOSED RATE BASE				1,334,932
Operating Income at Current Effective Rates				68,540
Increase in Operating Income				49,068
OPERATING INCOME AT PROPOSED RATES				117,608
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

SUPPORT WORKSHEET

2009

OPERATING REVENUES:

Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Gain on Sale of Land	615
TOTAL OPERATING REVENUES	<u>1,866,853</u>

FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593
Fuel Oil Expense	<u>816,654</u>
Purchased Power Expense	<u>477,055</u>
TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>

OTHER OPERATION & MAINTENANCE EXPENSES:

Production	81,347
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,339
Customer Service	6,997
Administration & General	77,719
TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>228,144</u>

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
SUPPORT WORKSHEET

2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	101,099
Total Labor Expense	101,099
Total Nonlabor Expense	
Nonlabor Expense	127,638
Fuel Related Expense	7,003
Payroll Taxes	7,284
Bad Debt Expense	(1,339)
	140,586
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,527,798
REVENUE TAX	
Public Service Tax	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
Public Service Tax Rate	x 5.885%
Total PSC Tax	109,749
PUC Fees	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
PUC Tax Rate	x 0.500%
Total PUC Tax	9,324

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates

SUPPORT WORKSHEET

2009

Franchise Tax		
Electric Sales Revenues		1,861,751
Less: Bad Debt Expense		(1,339)
		<hr/>
		1,860,412
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		46,510
TOTAL REVENUE TAX		<hr/>
		165,584
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.049%
Long-Term Debt		2.200%
Hybrid Securities		<hr/>
		0.140%
Total		<hr/>
		2.389%
Rate Base at Proposed Rates	x	<hr/>
		1,334,932
TOTAL INTEREST EXPENSE		<hr/>
		31,892
INCOME TAX EXPENSE SUMMARY		
Current		12,142
Deferred		859
State ITC		<hr/>
		8,600
TOTAL INCOME TAX EXPENSE		<hr/>
		21,601
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02495
PSC Tax Rate adjusted for Bad Debt		0.05881
PUC Tax Rate adjusted for Bad Debt		<hr/>
		0.00500
REVENUE TAX RATE		<hr/>
		0.08875
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Base Case w/o Wind Studies & Sales Red at Curr Eff Rates
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate	0.03759
Federal Tax Rate	0.35000

State Capital Gains Tax Rate	0.03759
Federal Tax Rate	x 0.35000

Federal Tax Effect on State Capital Gains Tax Rate	(0.01316)
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COMPOSITE CAPITAL GAINS TAX RATE	<u>0.37444</u>
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CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt	0.06380
------------------------------------------------	---------

Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt	0.02495
-------------------------------------------------------------------	---------

Bad Debt Rate adjusted for Change in Oth Oper Rev	<u>0.00072</u>
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Revenue Tax and Bad Debt rate	0.08947
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Rev Tax & Bad Debt Reciprocal (1 - 0.08947)	0.91053
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Composite Income Tax Rate	x <u>0.38910</u>
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EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT	<u>0.35428</u>
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CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates	0.06380
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Franchise Tax adjusted for Change in Oth Oper Rev	0.02495
---------------------------------------------------	---------

Bad Debt Rate adjusted for Change in Oth Oper Rev	0.00072
---------------------------------------------------	---------

Effective Income Tax Rate after considering revenue tax & bad debt	<u>0.35428</u>
-----------------------------------------------------------------------	----------------

	<u>0.44376</u>
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OPERATING INCOME DIVISOR (1 - 0.44376)	<u>0.55624</u>
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Hawaiian Electric Company, Inc.
CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
Results of Operations

	2009 (\$ Thousands)		Revenue Requirements to Produce 8.81% Return on Average Rate Base
	Present Rates	Additional Amount	
Electric Sales Revenue	1,784,962	176,702	1,961,664
Other Operating Revenue	4,419	190	4,609
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,789,996	176,892	1,966,888
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	82,423		82,423
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,283	127	1,410
Customer Service	6,997		6,997
Administration & General	77,863		77,863
Operation and Maintenance	1,523,017	127	1,523,144
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	166,092	15,701	181,793
Interest on Customer Deposits	479		479
Income Taxes	(6,978)	62,670	55,692
TOTAL OPERATING EXPENSES	1,764,123	78,498	1,842,621
OPERATING INCOME	25,873	98,394	124,267
AVERAGE RATE BASE	1,412,108	(1,591)	1,410,517
RATE OF RETURN ON AVERAGE RATE BASE	1.83%		8.81%

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,528,559	1,575,107	1,551,833
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,689,679	1,778,770	1,734,226
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	130,002	133,099	131,551
Unamort State ITC (Gross)	36,017	37,411	36,714
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	360,190	367,034	363,614
Difference			1,370,612
Working Cash at Present Rates			41,496
Rate Base at Present Rates			1,412,108
Change in Rate Base - Working Cash			(1,591)
Rate Base at Proposed Rates			1,410,517

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)

WORKING CASH ITEMS

2009

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	101,730
O&M Nonlabor	37	30	7	128,292
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	158,762
Income Taxes-Present Rates	37	39	(2)	(12,922)
Income Taxes-Proposed Rates	37	39	(2)	49,748
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(PRESENT	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	279	7,247	279	7,247
O&M Nonlabor	351	2,460	351	2,460
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	435	(12,614)	478	(13,861)
Income Taxes-Present Rates	(35)	71		
Income Taxes-Proposed Rates	136	-	136	(273)
Total		41,496		39,905
Change in Working Cash				(1,591)

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	At Present Rates	Adjustment	At Proposed Rates
Operating Revenues	1,789,996	176,892	1,966,888
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	229,308	127	229,435
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	166,092	15,701	181,793
Interest on Customer Deposits	479		479
Total Operating Expenses	1,771,101	15,828	1,786,929
Operating Income Before Income Taxes	18,895	161,064	179,959
Tax Adjustments:			
Interest Expense	(33,697)		(33,697)
Meals and Entertainment	78		78
	(33,619)	0	(33,619)
Taxable Income at Ordinary Rates	(14,724)	161,064	146,340
Income Tax Exp at Ordinary Rates	(5,729)	62,670	56,941
Tax Benefit of Domestic Production Activities Deduction	1,226		1,226
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	(6,978)	62,670	55,692

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	At Present Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,784,962	176,702	1,961,664
Other Operating Revenue		4,419	190	4,609
Operating Revenues		1,789,381	176,892	1,966,273
Public Service Tax	5.885%	105,230	10,403	115,633
PUC Fees	0.500%	8,940	884	9,824
Franchise Tax	2.500%	44,592	4,414	49,006
Payroll Tax		7,330		7,330
TOTAL TAXES OTHER THAN INCOME TAX		166,092	15,701	181,793

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT PRESENT RATES:

Operating Revenues	1,789,996
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	229,308
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	166,092
Interest on Customer Deposits	479
Income Taxes	(6,978)
Total Operating Expenses	1,764,123

OPERATING INCOME AT PRESENT RATES	25,873
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CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,410,517
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	124,267
Less: Operating Income at Present Rates	25,873
INCREASE IN OPERATING INCOME	98,394

OPERATING REVENUES:

Increase in Operating Income	98,394
Operating Income Divisor (divided by)	0.55624
INCREASE IN OPERATING REVENUES	176,892
Increase in Electric Sales Revenue	176,702
Other Operating Revenue Rate	x 0.108%
Increase in Other Operating Revenues	190
	176,892

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:

Increase in Electric Revenues		176,702
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		<u>127</u>

REVENUE TAX:

Increase in Operating Revenues		176,892
Less: Increase in Bad Debt Expense		<u>(127)</u>
		176,765
PSC Tax & PUC Fees Rate	x	6.385%
		<u>11,287</u>
Increase in Electric Revenues		176,702
Less: Increase in Bad Debt Expense		<u>(127)</u>
		176,575
Franchise Tax Rate	x	2.500%
		<u>4,414</u>
INCREASE IN REVENUE TAX		<u>15,701</u>

INCOME TAX:

Increase in Operating Revenues		176,892
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		<u>62,670</u>
INCREASE IN OPERATING INCOME (check)		<u>98,394</u>

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	15,701	43	(29)	(1,247)
Income Tax at Present rates	(12,922)	(35)	(2)	(71)
Income Tax at proposed rate	49,748	136	(2)	(273)
CHANGE IN RATE BASE - WORKING CASH				(1,591)
Rate Base at Present Rates				1,412,108
PROPOSED RATE BASE				1,410,517
Operating Income at Present Rates				25,873
Increase in Operating Income				98,394
OPERATING INCOME AT PROPOSED RATES				124,267
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
SUPPORT WORKSHEET

2009

OPERATING REVENUES:

Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Gain on Sale of Land	615

TOTAL OPERATING REVENUES	<u>1,789,996</u>
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FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593

Fuel Oil Expense	<u>816,654</u>
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Purchased Power Expense	<u>477,055</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	82,423
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,283
Customer Service	6,997
Administration & General	77,863
Gen Excise Tax Rate Incr Adj	0

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>229,308</u>
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Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
SUPPORT WORKSHEET

2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)

Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	101,730
Total Labor Expense	101,730
Total Nonlabor Expense	
Nonlabor Expense	128,171
Fuel Related Expense	7,003
Payroll Taxes	7,330
Bad Debt Expense	(1,283)
Pension Expense	(12,929)
Pension Asset Amortization	0
	128,292

TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,516,135
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REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Less: Bad Debt Expense	(1,283)
Operating Revenues subject to PSC Tax	1,788,098
Public Service Tax Rate	x 5.885%
Total PSC Tax	105,230

PUC Fees

Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Less: Bad Debt Expense	(1,283)
Operating Revenues subject to PSC Tax	1,788,098
PUC Tax Rate	x 0.500%
Total PUC Tax	8,940

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
SUPPORT WORKSHEET
2009

Franchise Tax	
Electric Sales Revenues	1,784,962
Less: Bad Debt Expense	(1,283)
	<u>1,783,679</u>
Franchise Tax Rate	x 2.500%
Total Franchise Tax	<u>44,592</u>
TOTAL REVENUE TAX	<u>158,762</u>
INTEREST EXPENSE:	
Weighted Cost of Debt	
Short-Term Debt	0.049%
Long-Term Debt	2.200%
Hybrid Securities	<u>0.140%</u>
Total	2.389%
Rate Base at Proposed Rates	x <u>1,410,517</u>
TOTAL INTEREST EXPENSE	<u>33,697</u>
INCOME TAX EXPENSE SUMMARY	
Current	(12,922)
Deferred	3,097
State ITC	2,847
Pension Asset Amortization	<u>0</u>
TOTAL INCOME TAX EXPENSE	<u>(6,978)</u>
CALCULATIONS OF REVENUE TAX RATE:	
Franchise Tax Rate adjusted for Change in Oth Oper	
Revenues and Bad Debt	0.02496
PSC Tax Rate adjusted for Bad Debt	0.05881
PUC Tax Rate adjusted for Bad Debt	<u>0.00500</u>
REVENUE TAX RATE	<u>0.08876</u>
CALCULATIONS OF COMPOSITE INCOME TAX RATE:	
State Tax Rate	0.06015
Federal Tax Rate	0.35000
State Tax Rate	0.06015
Federal Tax Rate	x <u>0.35000</u>
Federal Tax Effect on State Tax	<u>(0.02105)</u>
COMPOSITE INCOME TAX RATE	<u>0.38910</u>

Hawaiian Electric Company, Inc.

CIP1 Generating Unit (Full Cost w/o Wind Studies & Sales Reduction)
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		0.37444

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02496
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Revenue Tax and Bad Debt rate		0.08948
Rev Tax & Bad Debt Reciprocal (1 - 0.08948)		0.91052
Composite Income Tax Rate	x	0.38910
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.35428

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02496
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Effective Income Tax Rate after considering revenue tax & bad debt		0.35428
		0.44376
OPERATING INCOME DIVISOR (1 - 0.44376)		0.55624

Hawaiian Electric Company, Inc.
Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
Results of Operations

	2009 (\$ Thousands)		Revenue Requirements to Produce 8.81% Return on Average Rate Base
	Present Rates	Additional Amount	
Electric Sales Revenue	1,784,962	152,675	1,937,637
Other Operating Revenue	4,419	168	4,587
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,789,996	152,843	1,942,839
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	79,873		79,873
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,283	110	1,393
Customer Service	6,997		6,997
Administration & General	77,592		77,592
Operation and Maintenance	1,520,196	110	1,520,306
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	166,005	13,566	179,571
Interest on Customer Deposits	479		479
Income Taxes	(4,209)	54,150	49,941
TOTAL OPERATING EXPENSES	1,763,984	67,826	1,831,810
OPERATING INCOME	26,012	85,017	111,029
AVERAGE RATE BASE	1,261,640	(1,375)	1,260,265
RATE OF RETURN ON AVERAGE RATE BASE	2.06%		8.81%

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)

COMPOSITE EMBEDDED COST OF CAPITAL

Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,373,259	1,419,807	1,396,533
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,534,379	1,623,470	1,578,926
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	132,241	132,405	132,323
Unamort State ITC (Gross)	30,264	31,658	30,961
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	356,676	360,587	358,633
Difference			1,220,293
Working Cash at Present Rates			41,347
Rate Base at Present Rates			1,261,640
Change in Rate Base - Working Cash			(1,375)
Rate Base at Proposed Rates			1,260,265

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)

WORKING CASH ITEMS

2009

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	100,547
O&M Nonlabor	37	30	7	126,567
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	158,762
Income Taxes-Present Rates	37	39	(2)	(7,220)
Income Taxes-Proposed Rates	37	39	(2)	46,930
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(PRESENT	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	275	7,162	275	7,162
O&M Nonlabor	347	2,427	347	2,427
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	435	(12,614)	472	(13,692)
Income Taxes-Present Rates	(20)	40		
Income Taxes-Proposed Rates	129	-	129	(257)
Total		41,347		39,972
Change in Working Cash				(1,375)

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)

COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Present Rates	Adjustment	At Proposed Rates
Operating Revenues	1,789,996	152,843	1,942,839
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	226,487	110	226,597
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	166,005	13,566	179,571
Interest on Customer Deposits	479		479
Total Operating Expenses	1,768,193	13,676	1,781,869
Operating Income Before Income Taxes	21,803	139,167	160,970
Tax Adjustments:			
Interest Expense	(30,108)		(30,108)
Meals and Entertainment	78		78
	(30,030)	.0	(30,030)
Taxable Income at Ordinary Rates	(8,227)	139,167	130,940
Income Tax Exp at Ordinary Rates	(3,201)	54,150	50,949
Tax Benefit of Domestic Production Activities Deduction	985		985
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	(4,209)	54,150	49,941

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	At Present Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,784,962	152,675	1,937,637
Other Operating Revenue		4,419	168	4,587
Operating Revenues		1,789,381	152,843	1,942,224
Public Service Tax	5.885%	105,230	8,988	114,218
PUC Fees	0.500%	8,940	764	9,704
Franchise Tax	2.500%	44,592	3,814	48,406
Payroll Tax		7,243		7,243
TOTAL TAXES OTHER THAN INCOME TAX		166,005	13,566	179,571

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)

CALCULATIONS OF REVENUE REQUIREMENTS

2009

(\$ Thousands)

OPERATING INCOME AT PRESENT RATES:

Operating Revenues	1,789,996
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	226,487
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	166,005
Interest on Customer Deposits	479
Income Taxes	(4,209)
Total Operating Expenses	1,763,984

OPERATING INCOME AT PRESENT RATES	26,012
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CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,260,265
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	111,029

Less: Operating Income at Present Rates	26,012
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INCREASE IN OPERATING INCOME	85,017
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OPERATING REVENUES:

Increase in Operating Income	85,017
Operating Income Divisor (divided by)	0.55624

INCREASE IN OPERATING REVENUES	152,843
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Increase in Electric Sales Revenue	152,675
Other Operating Revenue Rate	x 0.110%
Increase in Other Operating Revenues	168
	152,843

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:

Increase in Electric Revenues		152,675
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		110

REVENUE TAX:

Increase in Operating Revenues		152,843
Less: Increase in Bad Debt Expense		(110)
		152,733
PSC Tax & PUC Fees Rate	x	6.385%
		9,752
Increase in Electric Revenues		152,675
Less: Increase in Bad Debt Expense		(110)
		152,565
Franchise Tax Rate	x	2.500%
		3,814
INCREASE IN REVENUE TAX		13,566

INCOME TAX:

Increase in Operating Revenues		152,843
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		54,150
INCREASE IN OPERATING INCOME (check)		85,017

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	13,566	37	(29)	(1,078)
Income Tax at present rates	(7,220)	(20)	(2)	(40)
Income Tax at proposed rate	46,930	129	(2)	(257)
CHANGE IN RATE BASE - WORKING CASH				(1,375)
Rate Base at Present Rates				1,261,640
PROPOSED RATE BASE				1,260,265
Operating Income at Present Rates				26,012
Increase in Operating Income				85,017
OPERATING INCOME AT PROPOSED RATES				111,029
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
SUPPORT WORKSHEET

2009

OPERATING REVENUES:

Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Gain on Sale of Land	615

TOTAL OPERATING REVENUES	<u>1,789,996</u>
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FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593

Fuel Oil Expense	<u>816,654</u>
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Purchased Power Expense	<u>477,055</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>
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OTHER OPERATION & MAINTENANCE EXPENSES:

Production	79,873
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,283
Customer Service	6,997
Administration & General	77,592
Gen Excise Tax Rate Incr Adj	0

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>226,487</u>
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Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
SUPPORT WORKSHEET

2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)

Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	100,547
Total Labor Expense	100,547
Total Nonlabor Expense	
Nonlabor Expense	126,533
Fuel Related Expense	7,003
Payroll Taxes	7,243
Bad Debt Expense	(1,283)
Pension Expense	(12,929)
Pension Asset Amortization	0
	126,567

TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,513,227
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REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Less: Bad Debt Expense	(1,283)
Operating Revenues subject to PSC Tax	1,788,098
Public Service Tax Rate	x 5.885%
Total PSC Tax	105,230

PUC Fees

Electric Sales Revenues	1,784,962
Other Operating Revenues	4,419
Less: Bad Debt Expense	(1,283)
Operating Revenues subject to PSC Tax	1,788,098
PUC Tax Rate	x 0.500%
Total PUC Tax	8,940

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
SUPPORT WORKSHEET

2009

Franchise Tax		
Electric Sales Revenues		1,784,962
Less: Bad Debt Expense		(1,283)
		<hr/>
		1,783,679
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		44,592
TOTAL REVENUE TAX		<hr/>
		158,762
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.049%
Long-Term Debt		2.200%
Hybrid Securities		<hr/>
		0.140%
Total		<hr/>
		2.389%
Rate Base at Proposed Rates	x	<hr/>
		1,260,265
TOTAL INTEREST EXPENSE		<hr/>
		30,108
INCOME TAX EXPENSE SUMMARY		
Current		(7,220)
Deferred		164
State ITC		2,847
Pension Asset Amortization		<hr/>
		0
TOTAL INCOME TAX EXPENSE		<hr/>
		(4,209)
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02495
PSC Tax Rate adjusted for Bad Debt		0.05881
PUC Tax Rate adjusted for Bad Debt		<hr/>
		0.00500
REVENUE TAX RATE		<hr/>
		0.08876
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Interim Increase (w/o Wind Studies, Sales Reduction & CIP1 Generating Unit)
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.37444</u>

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		<u>0.00072</u>
Revenue Tax and Bad Debt rate		0.08948
Rev Tax & Bad Debt Reciprocal (1 - 0.08948)		0.91052
Composite Income Tax Rate	x	<u>0.38910</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.35428</u>

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.35428</u>
		<u>0.44376</u>
OPERATING INCOME DIVISOR (1 - 0.44376)		<u>0.55624</u>

Hawaiian Electric Company, Inc.
Base Case w/o Sales Reduction, with Wind Studies
Results of Operations

	2009 (\$ Thousands)		Revenue Requirements to Produce 8.81% Return on Average Rate Base
	Current Effective Rates	Additional Amount	
Electric Sales Revenue	1,861,751	90,552	1,952,303
Other Operating Revenue	4,487	114	4,601
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,866,853	90,666	1,957,519
Fuel	816,654		816,654
Purchased Power	477,055		477,055
Production	83,567		83,567
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,339	65	1,404
Customer Service	6,997		6,997
Administration & General	77,719		77,719
Operation and Maintenance	1,524,073	65	1,524,138
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	172,867	8,047	180,914
Interest on Customer Deposits	479		479
Income Taxes	20,743	32,121	52,864
TOTAL OPERATING EXPENSES	1,799,675	40,233	1,839,908
OPERATING INCOME	67,178	50,433	117,611
AVERAGE RATE BASE	1,335,773	(815)	1,334,958
RATE OF RETURN ON AVERAGE RATE BASE	5.03%		8.81%

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,373,259	1,575,107	1,474,183
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	80,152	85,214	82,683
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,534,379	1,778,770	1,656,576
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	132,241	133,100	132,671
Unamort State ITC (Gross)	30,264	37,411	33,838
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	356,676	367,035	361,858
Difference			1,294,718
Working Cash at Current Effective Rates			41,055
Rate Base at Current Effective Rates			1,335,773
Change in Rate Base - Working Cash			(815)
Rate Base at Proposed Rates			1,334,958

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
WORKING CASH ITEMS
2009
(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	809,058
O&M Labor	37	11	26	101,099
O&M Nonlabor	37	30	7	142,806
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	165,584
Income Taxes-Curr Eff Rates	37	39	(2)	11,284
Income Taxes-Proposed Rates	37	39	(2)	43,405
Purchased Power	37	37	0	477,055
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(CURR EFF	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,217	44,332	2,217	44,332
O&M Labor	277	7,202	277	7,202
O&M Nonlabor	391	2,739	391	2,739
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,307	0	1,307	0
Revenue Taxes	454	(13,156)	476	(13,795)
Income Taxes-Curr Eff Rates	31	(62)		
Income Taxes-Proposed Rates	119	-	119	(238)
Total		41,055		40,240
Change in Working Cash				(815)

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,866,853	90,666	1,957,519
Operating Expenses:			
Fuel Oil and Purchased Power	1,293,709		1,293,709
Other Operation & Maintenance Expense	230,364	65	230,429
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	172,867	8,047	180,914
Interest on Customer Deposits	479		479
Total Operating Expenses	1,778,932	8,112	1,787,044
Operating Income Before Income Taxes	87,921	82,554	170,475
Tax Adjustments:			
Interest Expense	(31,892)		(31,892)
Meals and Entertainment	78		78
	(31,814)	0	(31,814)
Taxable Income at Ordinary Rates	56,107	82,554	138,661
Income Tax Exp at Ordinary Rates	21,831	32,122	53,953
Tax Benefit of Domestic Production Activities Deduction	1,065		1,065
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	20,743	32,122	52,865

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies

COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	Current Effective Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,861,751	90,552	1,952,303
Other Operating Revenue		4,487	114	4,601
Operating Revenues		1,866,238	90,666	1,956,904
Public Service Tax	5.885%	109,749	5,332	115,081
PUC Fees	0.500%	9,324	453	9,777
Franchise Tax	2.500%	46,510	2,262	48,772
Payroll Tax		7,284		7,284
TOTAL TAXES OTHER THAN INCOME TAX		172,867	8,047	180,914

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,866,853
Fuel and Purchased Power Expenses	1,293,709
Other O&M Expenses	230,364
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	172,867
Interest on Customer Deposits	479
Income Taxes	20,743
Total Operating Expenses	1,799,675

OPERATING INCOME AT CURRENT EFFECTIVE RATES	67,178
---------------------------------------------	--------

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,334,958
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	117,610

Less: Operating Income at Current Effective Rate	67,178
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INCREASE IN OPERATING INCOME	50,432
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OPERATING REVENUES:

Increase in Operating Income	50,432
Operating Income Divisor (divided by)	0.55624

INCREASE IN OPERATING REVENUES	90,666
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Increase in Electric Sales Revenue	90,552
Other Operating Revenue Rate	x 0.126%
Increase in Other Operating Revenues	114
	90,666

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:		
Increase in Electric Revenues		90,552
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		<u>65</u>
REVENUE TAX:		
Increase in Operating Revenues		90,666
Less: Increase in Bad Debt Expense		<u>(65)</u>
		90,601
PSC Tax & PUC Fees Rate	x	6.385%
		<u>5,785</u>
Increase in Electric Revenues		90,552
Less: Increase in Bad Debt Expense		<u>(65)</u>
		90,487
Franchise Tax Rate	x	2.500%
		<u>2,262</u>
INCREASE IN REVENUE TAX		<u>8,047</u>
INCOME TAX:		
Increase in Operating Revenues		90,666
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		<u>32,121</u>
INCREASE IN OPERATING INCOME (check)		<u>50,433</u>

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	8,047	22	(29)	(639)
Income Tax at curr eff rate	11,284	31	(2)	62
Income Tax at proposed rate	43,405	119	(2)	(238)
CHANGE IN RATE BASE - WORKING CASH				(815)
Rate Base at Current Effective Rates				1,335,773
PROPOSED RATE BASE				1,334,958
Operating Income at Current Effective Rates				67,178
Increase in Operating Income				50,432
OPERATING INCOME AT PROPOSED RATES				117,610
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
SUPPORT WORKSHEET
2009

OPERATING REVENUES:

Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Gain on Sale of Land	615

TOTAL OPERATING REVENUES	<u>1,866,853</u>
--------------------------	------------------

FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	809,058
Fuel Related Non-labor Exp	7,003
Fuel Handling Labor Expense	593

Fuel Oil Expense	<u>816,654</u>
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Purchased Power Expense	<u>477,055</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,293,709</u>
--------------------------------------------	------------------

OTHER OPERATION & MAINTENANCE EXPENSES:

Production	83,567
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,339
Customer Service	6,997
Administration & General	77,719
Gen Excise Tax Rate Incr Adj	0

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>230,364</u>
----------------------------------------------	----------------

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
SUPPORT WORKSHEET
2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	809,058
Purchase Power Expense	477,055
Total Labor Expense	
Labor Expense	101,099
Total Labor Expense	101,099
Total Nonlabor Expense	
Nonlabor Expense	129,858
Fuel Related Expense	7,003
Payroll Taxes	7,284
Bad Debt Expense	(1,339)
Pension Expense	0
Pension Asset Amortization	0
	142,806
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,530,018
REVENUE TAX	
Public Service Tax	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
Public Service Tax Rate	x 5.885%
Total PSC Tax	109,749
PUC Fees	
Electric Sales Revenues	1,861,751
Other Operating Revenues	4,487
Less: Bad Debt Expense	(1,339)
Operating Revenues subject to PSC Tax	1,864,899
PUC Tax Rate	x 0.500%
Total PUC Tax	9,324

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
SUPPORT WORKSHEET
2009

Franchise Tax		
Electric Sales Revenues		1,861,751
Less: Bad Debt Expense		(1,339)
		<hr/>
		1,860,412
Franchise Tax Rate	x	2.500%
Total Franchise Tax		<hr/>
		46,510
TOTAL REVENUE TAX		<hr/>
		165,584
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.049%
Long-Term Debt		2.200%
Hybrid Securities		<hr/>
		0.140%
Total		<hr/>
		2.389%
Rate Base at Proposed Rates	x	<hr/>
		1,334,958
TOTAL INTEREST EXPENSE		<hr/>
		31,892
INCOME TAX EXPENSE SUMMARY		
Current		11,284
Deferred		859
State ITC		8,600
Pension Asset Amortization		<hr/>
		0
TOTAL INCOME TAX EXPENSE		<hr/>
		20,743
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02495
PSC Tax Rate adjusted for Bad Debt		0.05881
PUC Tax Rate adjusted for Bad Debt		<hr/>
		0.00500
REVENUE TAX RATE		<hr/>
		0.08875
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<hr/>
		0.35000
Federal Tax Effect on State Tax		<hr/>
		(0.02105)
COMPOSITE INCOME TAX RATE		<hr/>
		0.38910

Hawaiian Electric Company, Inc.

Base Case w/o Sales Reduction, with Wind Studies
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		0.37444

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Revenue Tax and Bad Debt rate		0.08947
Rev Tax & Bad Debt Reciprocal	(1 - 0.08947)	0.91053
Composite Income Tax Rate	x	0.38910
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.35428

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Effective Income Tax Rate after considering revenue tax & bad debt		0.35428
		0.44376
OPERATING INCOME DIVISOR	(1 - 0.44376)	0.55624

Hawaiian Electric Company, Inc.
Base Case with Sales Reduction & Wind Studies
Results of Operations

2009

(\$ Thousands)

Revenue
Requirements
to Produce
8.81%

Return on
Average
Rate Base

	Current Effective Rates	Additional Amount	
Electric Sales Revenue	1,811,261	102,004	1,913,265
Other Operating Revenue	4,442	124	4,566
Gain on Sale of Land	615		615
TOTAL OPERATING REVENUES	1,816,318	102,128	1,918,446
Fuel	784,033		784,033
Purchased Power	474,819		474,819
Production	83,524		83,524
Transmission	13,930		13,930
Distribution	30,515		30,515
Customer Accounts	16,297		16,297
Allowance for Uncoll. Accounts	1,302	73	1,375
Customer Service	6,997		6,997
Administration & General	77,719		77,719
Operation and Maintenance	1,489,136	73	1,489,209
Depreciation & Amortization	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other Than Income	168,383	9,064	177,447
Interest on Customer Deposits	479		479
Income Taxes	16,371	36,182	52,553
TOTAL OPERATING EXPENSES	1,755,882	45,319	1,801,201
OPERATING INCOME	60,436	56,809	117,245
AVERAGE RATE BASE	1,331,731	(918)	1,330,813
RATE OF RETURN ON AVERAGE RATE BASE	4.54%		8.81%

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
COMPOSITE EMBEDDED COST OF CAPITAL
Estimated 2009 Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	21,951	1.49	3.25%	0.049%
Long-Term Debt	561,940	38.27	5.75%	2.200%
Hybrid Securities	27,775	1.89	7.41%	0.140%
Preferred Stock	59,496	4.05	7.62%	0.309%
Common Equity	797,308	54.30	11.25%	6.108%
Total	1,468,470	100.00		
Estimated Composite Cost of Capital				8.806%
			or	<u>8.81%</u>

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
2009 AVERAGE RATE BASE
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,373,259	1,575,107	1,474,183
Property Held for Future Use	2,331	2,331	2,331
Fuel Inventory	77,544	82,546	80,045
Materials & Supplies Inventories	16,015	16,015	16,015
Unamort. Net SFAS 109 Reg. Asset	58,041	63,006	60,524
Unamort Sys Dev Costs	4,568	30,719	17,644
RO Pipeline Reg Asset	0	6,366	3,183
ARO Reg Asset	13	12	13
Total Investments in Assets	1,531,771	1,776,102	1,653,938
Funds From Non-Investors			
Unamortized CIAC	180,184	183,327	181,756
Customer Advances	888	807	848
Customer Deposits	7,907	8,581	8,244
Accumulated Def. Income Taxes	132,241	133,100	132,671
Unamort State ITC (Gross)	30,264	37,411	33,838
Unamortized Gain on Sale	1,364	746	1,055
Pension Reg Liability	3,051	2,441	2,746
OPEB Reg Liability	777	622	700
Total Deductions	356,676	367,035	361,858
Difference			1,292,080
Working Cash at Current Effective Rates			39,651
Rate Base at Current Effective Rates			1,331,731
Change in Rate Base - Working Cash			(918)
Rate Base at Proposed Rates			1,330,813

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies

WORKING CASH ITEMS

2009

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	776,579
O&M Labor	37	11	26	101,099
O&M Nonlabor	37	30	7	142,621
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	161,099
Income Taxes-Curr Eff Rates	37	39	(2)	6,912
Income Taxes-Proposed Rates	37	39	(2)	43,094
Purchased Power	37	37	0	474,819
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(CURR EFF	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	2,128	42,552	2,128	42,552
O&M Labor	277	7,202	277	7,202
O&M Nonlabor	391	2,735	391	2,735
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,301	0	1,301	0
Revenue Taxes	441	(12,800)	466	(13,520)
Income Taxes-Curr Eff Rates	19	(38)		
Income Taxes-Proposed Rates	118	-	118	(236)
Total		39,651		38,733
Change in Working Cash				(918)

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
COMPUTATION OF INCOME TAX EXPENSE

2009

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,816,318	102,128	1,918,446
Operating Expenses:			
Fuel Oil and Purchased Power	1,258,852		1,258,852
Other Operation & Maintenance Expense	230,284	73	230,357
Depreciation	82,966		82,966
Amortization of State ITC	(1,453)		(1,453)
Taxes Other than Income	168,383	9,064	177,447
Interest on Customer Deposits	479		479
Total Operating Expenses	1,739,511	9,137	1,748,648
Operating Income Before Income Taxes	76,807	92,991	169,798
Tax Adjustments:			
Interest Expense	(31,793)		(31,793)
Meals and Entertainment	78		78
	(31,715)	0	(31,715)
Taxable Income at Ordinary Rates	45,092	92,991	138,083
Income Tax Exp at Ordinary Rates	17,545	36,183	53,728
Tax Benefit of Domestic Production Activities Deduction	1,151		1,151
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	16,371	36,183	52,554

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
COMPUTATION OF TAXES OTHER THAN INCOME TAX

2009

(\$ Thousands)

	Rate	Current Effective Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,811,261	102,004	1,913,265
Other Operating Revenue		4,442	124	4,566
Operating Revenues		1,815,703	102,128	1,917,831
Public Service Tax	5.885%	106,778	6,006	112,784
PUC Fees	0.500%	9,072	510	9,582
Franchise Tax	2.500%	45,249	2,548	47,797
Payroll Tax		7,284		7,284
TOTAL TAXES OTHER THAN INCOME TAX		168,383	9,064	177,447

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,816,318
Fuel and Purchased Power Expenses	1,258,852
Other O&M Expenses	230,284
Depreciation & Amortization Expense	82,966
Amortization of State ITC	(1,453)
Taxes Other than Income	168,383
Interest on Customer Deposits	479
Income Taxes	16,371
Total Operating Expenses	1,755,882

OPERATING INCOME AT CURRENT EFFECTIVE RATES	60,436
---------------------------------------------	--------

CALCULATIONS OF REVENUE REQUIREMENTS:

OPERATING INCOME

Rate Base at Proposed Rates	1,330,813
Proposed Rate of Return on Rate Base	x 8.81%
Operating Income	117,245

Less: Operating Income at Current Effective Rate	60,436
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INCREASE IN OPERATING INCOME	56,809
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OPERATING REVENUES:

Increase in Operating Income	56,809
Operating Income Divisor (divided by)	0.55624

INCREASE IN OPERATING REVENUES	102,128
--------------------------------	---------

Increase in Electric Sales Revenue	102,004
Other Operating Revenue Rate	x 0.122%
Increase in Other Operating Revenues	124
	102,128

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

BAD DEBT:

Increase in Electric Revenues		102,004
Bad Debt Rate	x	0.0007
INCREASE IN BAD DEBT EXPENSE		<u>73</u>

REVENUE TAX:

Increase in Operating Revenues		102,128
Less: Increase in Bad Debt Expense		<u>(73)</u>
		102,055
PSC Tax & PUC Fees Rate	x	6.385%
		<u>6,516</u>
Increase in Electric Revenues		102,004
Less: Increase in Bad Debt Expense		<u>(73)</u>
		101,931
Franchise Tax Rate	x	2.500%
		<u>2,548</u>
INCREASE IN REVENUE TAX		<u>9,064</u>

INCOME TAX:

Increase in Operating Revenues		102,128
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.428%
INCREASE IN INCOME TAX		<u>36,182</u>
INCREASE IN OPERATING INCOME (check)		<u>56,809</u>

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
CALCULATIONS OF REVENUE REQUIREMENTS
2009
(\$ Thousands)

CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	9,064	25	(29)	(720)
Income Tax at curr eff rate	6,912	19	(2)	38
Income Tax at proposed rate	43,094	118	(2)	(236)
CHANGE IN RATE BASE - WORKING CASH				(918)
Rate Base at Current Effective Rates				1,331,731
PROPOSED RATE BASE				1,330,813
Operating Income at Current Effective Rates				60,436
Increase in Operating Income				56,809
OPERATING INCOME AT PROPOSED RATES				117,245
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.81%

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
SUPPORT WORKSHEET
2009

OPERATING REVENUES:

Electric Sales Revenues	1,811,261
Other Operating Revenues	4,442
Gain on Sale of Land	615
TOTAL OPERATING REVENUES	<u>1,816,318</u>

FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	776,579
Fuel Related Non-labor Exp	6,861
Fuel Handling Labor Expense	593
Fuel Oil Expense	<u>784,033</u>
Purchased Power Expense	474,819
TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>1,258,852</u>

OTHER OPERATION & MAINTENANCE EXPENSES:

Production	83,524
Transmission	13,930
Distribution	30,515
Customer Account	16,297
Allowance for Uncollectible Accounts	1,302
Customer Service	6,997
Administration & General	77,719
TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>230,284</u>

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
SUPPORT WORKSHEET

2009

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	776,579
Purchase Power Expense	474,819
Total Labor Expense	
Labor Expense	101,099
Total Labor Expense	101,099
Total Nonlabor Expense	
Nonlabor Expense	129,778
Fuel Related Expense	6,861
Payroll Taxes	7,284
Bad Debt Expense	(1,302)
	142,621
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,495,118

REVENUE TAX

Public Service Tax	
Electric Sales Revenues	1,811,261
Other Operating Revenues	4,442
Less: Bad Debt Expense	(1,302)
Operating Revenues subject to PSC Tax	1,814,401
Public Service Tax Rate	x 5.885%
Total PSC Tax	106,778

PUC Fees

Electric Sales Revenues	1,811,261
Other Operating Revenues	4,442
Less: Bad Debt Expense	(1,302)
Operating Revenues subject to PSC Tax	1,814,401
PUC Tax Rate	x 0.500%
Total PUC Tax	9,072

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
SUPPORT WORKSHEET
2009

Franchise Tax	
Electric Sales Revenues	1,811,261
Less: Bad Debt Expense	(1,302)
	<hr/>
	1,809,959
Franchise Tax Rate	x 2.500%
Total Franchise Tax	<hr/>
	45,249
TOTAL REVENUE TAX	<hr/>
	161,099
INTEREST EXPENSE:	
Weighted Cost of Debt	
Short-Term Debt	0.049%
Long-Term Debt	2.200%
Hybrid Securities	<hr/>
	0.140%
Total	<hr/>
	2.389%
Rate Base at Proposed Rates	x 1,330,813
TOTAL INTEREST EXPENSE	<hr/>
	31,793
INCOME TAX EXPENSE SUMMARY	
Current	6,912
Deferred	859
State ITC	<hr/>
	8,600
TOTAL INCOME TAX EXPENSE	<hr/>
	16,371
CALCULATIONS OF REVENUE TAX RATE:	
Franchise Tax Rate adjusted for Change in Oth Oper	
Revenues and Bad Debt	0.02495
PSC Tax Rate adjusted for Bad Debt	0.05881
PUC Tax Rate adjusted for Bad Debt	<hr/>
	0.00500
REVENUE TAX RATE	<hr/>
	0.08876
CALCULATIONS OF COMPOSITE INCOME TAX RATE:	
State Tax Rate	0.06015
Federal Tax Rate	0.35000
State Tax Rate	0.06015
Federal Tax Rate	x 0.35000
Federal Tax Effect on State Tax	<hr/>
	(0.02105)
COMPOSITE INCOME TAX RATE	<hr/>
	0.38910

Hawaiian Electric Company, Inc.

Base Case with Sales Reduction & Wind Studies
SUPPORT WORKSHEET
2009

CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		0.37444

CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Revenue Tax and Bad Debt rate		0.08947
Rev Tax & Bad Debt Reciprocal	(1 - 0.08947)	0.91053
Composite Income Tax Rate	x	0.38910
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.35428

CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06380
Franchise Tax adjusted for Change in Oth Oper Rev		0.02495
Bad Debt Rate adjusted for Change in Oth Oper Rev		0.00072
Effective Income Tax Rate after considering revenue tax & bad debt		0.35428
		0.44376
OPERATING INCOME DIVISOR	(1 - 0.44376)	0.55624

Hawaiian Electric Company, Inc.
Total Operating Expenses - Adjusted for Labor Adjustment
Base Case
At Current Effective Rates
(in Thous \$)

	(A)	(B) = (C) - (A)	(C) Rate Case Update Base Case (w/o Wind Studies) before Labor Adjustment	(D) Labor Adjustment	(E) = (C) + (D) Rate Case Update Base Case (w/o Wind Studies) with Labor Adjustment
	Direct Testimony Base Case at Current Effective Rates	Increase / (Decrease)			
<u>Operation and Maintenance Expense</u>					
Fuel	816,654	0	816,654	0	816,654
Purchased Power	477,055	0	477,055	0	477,055
Production	80,391	956	81,347	0	81,347
Transmission	13,967	83	14,050	(120)	13,930
Distribution	30,491	326	30,817	(302)	30,515
Customer Accounts	15,954	535	16,489	(192)	16,297
Allowance for Uncoll. Accounts	1,339	0	1,339	0	1,339
Customer Service	7,007	72	7,079	(82)	6,997
Administration & General	76,708	1,942	78,650	(931)	77,719
Total Operation and Maintenance	1,519,566	3,914	1,523,480	(1,627)	1,521,853
Depreciation & Amortization	83,183	(217)	82,966		82,966
Amortization of State ITC	(1,462)	9	(1,453)		(1,453)
Taxes Other Than Income	172,965	4	172,969	(102)	172,867
Interest on Customer Deposits	471	8	479		479
Income Taxes	22,648	(1,047)	21,601		21,601
Total Operating Expenses	1,797,371	2,671	1,800,042	(1,729)	1,798,313

Col A: Refer to Direct Testimony Base Case HECO-2303, column "Current Effective Rates".

Col C: Refer to Rate Case Updates from witnesses

Col D: Refer to Rate Case Update, HECO T-15 Attachment 6, pg. 5.

Administrative & General labor adjustment of (931) includes the reduction for labor expense and employee benefits of (534) and (397), respectively.

Col E: Refer to Rate Case Update, HECO T-23, Attachment 4, pg 1, column "Current Effective Rates";

The Base Case with Labor Adjustments amounts were used in determining the revenue requirements.